

# City of Detroit

## CITY COUNCIL

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ANNE MARIE LANGAN  
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TO: Delbert Brown, Director  
Airport Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: May 1, 2008

RE: 2008-2009 Budget Analysis

14.

Attached is our budget analysis regarding your department's budget for the upcoming 2008-2009 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing **Wednesday, May 7, 2008 at 11:30 a.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

### Attachment

cc: Councilmembers  
Council Divisions  
Auditor General's Office  
Norman White, Finance Department Director  
Pamela Scales, Budget Department Director  
Ron Chenault, Budget Department Team Leader  
Kerwin Wimberly, Mayor's Office

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## Airport (10)

### FY 2008-2009 Budget Analysis by the Fiscal Analysis Division

#### Summary

The Airport is an enterprise fund agency. The recommended 2008-2009 budgeted appropriations total \$5.6 million, which represents a \$2.2 million increase over the current fiscal year budget of \$3.4 million.

The recommended 2008-2009 budget also includes total revenues of \$5.6 million, which is \$2.2 million increase over the current year budget of \$3.4 million. Net tax cost is not included in either budget.

#### 2007-2008 Surplus/ (Deficit)

A surplus or deficit is not projected for the Airport for fiscal year 2007-2008.

#### Overtime

Overtime is budgeted at \$8,618 for the current year. Through March 31, 2008 of the current year, \$16,012 has been spent in overtime.

The recommended 2008-2009 budget includes \$13,905 for overtime, which is an increase of \$5,287 (61.4%) over the current year budget.

#### Personnel and Turnover Savings

Turnover savings is not projected for the Airport for fiscal year 2008-2009.

<u>Appropriation/Program</u>	<u>Redbook Positions FY 2007-08</u>	<u>Filled Positions 3/31/2008</u>	<u>Mayor's Budget Positions FY 2008-09</u>	<u>Over/(Under) Actual to 07/08 Budget</u>	<u>Mayor's Recommended Turnover</u>
<b>Airport (10):</b>					
100010 Administration	3	3	3	0	\$ -
100020 Maintenance	3	0	3	(3)	\$ -
100030 Operations	2	2	2	0	\$ -
100040 Public Safety	0	0	0	0	\$ -
<b>00223 Airport Operations</b>	<b>8</b>	<b>5</b>	<b>8</b>	<b>(3)</b>	<b>\$ -</b>
10XXXX Worker's Comp.	0	0	0	0	\$ -
10XXXX Unmatched Positions	<u>0</u>	<u>7</u>	<u>0</u>	<u>7</u>	<u>\$ -</u>
<b>TOTAL</b>	<b><u>8</u></b>	<b><u>12</u></b>	<b><u>8</u></b>	<b><u>4</u></b>	<b><u>\$ -</u></b>

#### Proposed Layoffs and Position Changes

The 2008-2009 recommended budget includes eight positions, which is the same as in the current year.

## Significant Funding Changes by Appropriation

<u>Appro.</u> 10589	<u>Program</u> Airport Projects-GO Bonds	The recommended 2008-2009 budget does not include an amount for this program. The current year budget includes \$1,000,000 for the purchase of forty T-Hangars at a cost of \$25,000 each.
12460	Airport GO Bonds	The recommended 2008-2009 budget does not include an amount for this program. The current year budget includes \$250,000 for the Tuskegee Airmen Display, which was a one-time purchase.
12681	GO Bonds – Land Acquisitions	The recommended 2008-2009 budget includes \$3,500,000 for the purchase of land. The current budget does not include an amount for this program. The land will be purchased for the design of a clearance that meets FAA standards.
00347	Airport Support (In Non-Departmental)	The recommended 2008-2009 budget includes \$928,865 subsidy for Airport operation, which is an increase of \$346,728 over the current budget of \$582,137. The subsidy increased because the Airport's operating revenues in the current year are lower than anticipated.
00223	Airport Operations (In Airport)	

### **Airport (10)**

<u>Budgeted Professional and Contractual Services by Activity</u>	<u>FY 2007-08 Budget</u>	<u>FY 2008-09 Recommended</u>	<u>Increase (Decrease)</u>
Airport Operations	\$ 63,701	\$ 62,880	\$ (821)
<b>Total</b>	<b>\$ 63,701</b>	<b>\$ 62,880</b>	<b>\$ (821)</b>

### Issues and Questions

1. When does the Airport expect to have an air carrier that provides flights for the general public?
2. What is the Airport biggest challenge to becoming a world-class airport?
3. Why did Airport request additional positions (an administrative specialist, a building trades worker, an airport service foreman, and an airport operations manager)?

4. Articles in The Detroit News have indicated that a temporary runway will be constructed for the Red Bull Races. Why is a temporary runway needed? What is the cost to install and remove it? Who is paying for it? How much revenue will the Airport generate from the races?
5. There is a plan to have a management company operate the Airport under a contract at some point. What progress has been made on this plan and will it eliminate the subsidy to the Airport and eliminate the 8 positions at the Airport? When will the proposal be submitted to Council?
6. Why does the department show unmatched positions on the payroll as of March 31<sup>st</sup>? What are these people doing for the department?